

Message Text

PAGE 01 STATE 147848
ORIGIN EA-12

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DRAFTED BY EA/ROC:DGBROWN:RC
APPROVED BY EA/ROC:HJFELDMAN
OES/NET:MGUHHN
ACDA:JMENZEL
DOE:GHELFRICH
S/S-O:LFLEISCHER

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FM SECSTATE WASHDC
TO AMEMBASSY TAIPEI
INFO AMEMBASSY VIENNA

S E C R E T STATE 147848

EXDI, -USIAEA

E.O. 11652: GDS

TAGS: NUC, PARM, TW

SUBJECT: VISIT OF CAEC SEC GEN CHENG

1. SUMMARY: VICTOR CHENG, SECRETARY-GENERAL OF CHINESE ATOMIC ENERGY COUNCIL (CAEC) VISITED WASHINGTON JUNE 5-7 FOR MEETINGS WITH NUCLEAR REGULATORY COMMISSION (NRC) (SEE SEPTEL) AND USG OFFICIALS. CHENG HAD ONE INTER-AGENCY MEETING AT DOE CHAIRED BY GERARD HELFRICH AND A SECOND AT STATE CHAIRED BY MICHAEL GUHIN (OES/NET). USG OFFICIALS IMPRESSED UPON CHENG THAT EARLY AGREEMENT ON REMAINING ISSUES RELATED TO TAIWAN RESEARCH REACTOR (TRR) WAS PREREQUISITE FOR IMPLEMENTATION OF TRR FUEL SECRET

PAGE 02 STATE 147848

MEASUREMENT PROGRAM. AT CHENG'S REQUEST, DEPT. DISCUSSED REQUIRED RENEGOTIATION OF US-ROC ATOMIC ENERGY AGREEMENT AND TOLD CHENG WE WOULD BE IN TOUCH WITH ROC WHEN USG WAS PREPARED TO BEGIN RENEGOTIATION. OTHER ISSUES COVERED WERE SPENT FUEL SHIPPING COSTS AND TAIPOWER NUCLEAR CAPACITY PLANNING. END SUMMARY.

2. TRR MEASUREMENT PROGRAM: USG OFFICIALS TOLD CHENG USG WOULD NOT BE PREPARED TO IMPLEMENT THE IAEA-US-ROC PROGRAM TO MEASURE TRR RELOAD FUEL UNLESS AGREEMENT HAD

FIRST BEEN REACHED ON ALL OUTSTANDING ISSUES CONCERNING

THE RESUMPTION OF TRR OPERATIONS. CHENG AGREED THAT THE TWO OUTSTANDING ISSUES WERE (1) ROC WILLINGNESS TO ACCEPT RESPONSIBILITY FOR SPENT FUEL SHIPMENT COSTS AND (2) AGREEMENT ON PROCEDURES FOR SEALING FUEL RODS AT TRR. CHENG STATED THAT UPON HIS RETURN TO TAIPEI HE WOULD PROMPTLY COORDINATE WITH MOFA ON WHAT HE HOPED WOULD BE FINAL AND FAVORABLE RESPONSE TO EMBASSY. MENZEL (ACDA) POINTED OUT THAT IF FUEL MEASUREMENT PROGRAM WAS NOT IMPLEMENTED AS SCHEDULED DURING JULY 7-21, IT WOULD PROBABLY BE SEVERAL MONTHS BEFORE US, IAEA AND ROC OFFICIALS COULD SCHEDULE ANOTHER MUTUALLY CONVENIENT TIME TO MEASURE FUEL.

3. SPENT FUEL SHIPMENT COSTS: HELFRICH DESCRIBED DOE'S ESTIMATE OF SPENT FUEL SHIPMENT COSTS TO CHENG ALONG LINES OF STATE 126536, NOTING THAT \$1.5 MILLION FIGURE WAS UPPER-LIMIT ESTIMATE OF ALL SHIPPING COSTS (EXCLUDING POSSIBLE COSTS OF CANNING FUEL BEFORE SHIPPING, IF THIS IS NECESSARY). HELFRICH EMPHASIZED THAT THESE COSTS WOULD BE SPREAD OVER NUMBER OF YEARS AND THAT SINCE THIS SPENT FUEL COULD NOT BE INDEFINITELY KEPT IN SECRET

PAGE 03 STATE 147848

DRY STORAGE AT INER, ROC WOULD EVENTUALLY HAVE TO PAY FOR ITS SHIPMENT OR DISPOSITION. HELFRICH SAID THAT IN MAKING DECISIONS ON ULTIMATE DISPOSITION OF THIS SPENT FUEL IN US OR CANADA, USG WOULD ENDEAVOR TO KEEP COSTS TO ROC AT A MINIMUM. HOWEVER, IF ROC COULD NOT NOW, AGREE TO ACCEPT RESPONSIBILITY FOR COSTS RESULT WOULD BE POSTPONEMENT OF MEASUREMENTS PROGRAM BECAUSE THERE WOULD NOT BE TIME FOR COORDINATION OF NEW USG POSITION ON COSTS BEFORE MEASUREMENTS PROGRAM IS SCHEDULED TO BEGIN ON JULY 7.

4. TRR SAFEGUARDS: BROWN (EA/ROC) DESCRIBED TO CHENG USG'S REPOSE (STATE 139831) TO ROC PROPOSAL FOR SEALING FUEL RODS AT TRR. CHENG SAID HE WOULD HAVE TO DISCUSS MATTER IN TAIPEI BEFORE COMMENTING.

5. TAIPOWER NUCLEAR CAPACITY PLANNING: CHENG SAID THAT TAIPOWER IS NOW PLANNING TO BUILD FOUR ADDITIONAL NUCLEAR GENERATING UNITS, WITH UNIT 7 (UOHS NG 3) TO BEGIN COMMERCIAL OPERATION IN 1988, UNIT 8 (KUOHSENG 4) IN 1989, UNIT 9 (MAANSHAN 3) IN 1990 AND UNIT 10 (MAANSHAN 4) IN 1991. EACH UNIT WOULD BE 1,300 MEGAWATTS. CHENG SAID THAT THESE PLANTS WERE IN PLANNING STAGE AND THAT EVEN UNIT 7 HAD NOT YET BEEN SUBMITTED TO ROC GOVERNMENT FOR FORMAL APPROVAL. CHENG CAUTIOUSLY AVOIDED SAYING WHAT TYPES OF PLANTS TAIPOWER WOULD CHOOSE

BUT REPEATEDLY DISCUSSED ADVANTAGES OF THE DEVELOPING INDUSTRIAL BASE IN TAIWAN FOR SUPPORTING LWR'S. AT DINNER, TAIPOWER PRESIDENT DAVID CHU SAID CHOICE WAS BETWEEN WESTINGHOUSE'S PWR AND GENERAL ELECTRICS' BWR, AS HWRS WERE NOT SUITED TO TAIWAN'S NEEDS FOR TECHNICAL REASONS.

6. RENEGOTIATING US-ROC BILATERAL: IN MEETING AT STATE, CHENG SAID THAT ROC WAS PREPARED TO BEGIN THE RENEGOTIATION OF THE US-ROC AGREEMENT FOR COOPERATION
SECRET

PAGE 04 STATE 147848

IN THE CIVIL USES OF ATOMIC ENERGY AS WAS REQUIRED BY THE NUCLEAR NON-PROLIFERATION ACT OF 1978. GUHIN EXPRESSED APPRECIATION AND DESCRIBED THE BASIC ELEMENTS WHICH THE ACT REQUIRED TO BE INCLUDED IN NEW OR AMENDED AGREEMENTS. BOTH SIDES AGREED THAT, BETWEEN THE EXISTING US-ROC BILATERAL AND THE SECRET EXCHANGE OF NOTES IN 1977, AGREEMENT HAD ALREADY BEEN REACHED ON ESSENTIALLY ALL THE BASIC ELEMENTS REQUIRED FOR NEW AGREEMENTS.

7. IN RESPONSE TO QUESTIONS, GUHIN SAID THAT WE WERE STILL PREPARING FOR A VARIETY OF NEGOTIATIONS WITH OUR NEGOTIATING PARTNERS AS REQUIRED BY LAW, THAT OUR ENTIRE RENEGOTIATING SCHEDULE HAD NOT YET BEEN SET, THAT WE WERE BASICALLY CONCENTRATING OUR IMMEDIATE NEGOTIATING ENERGIES ON COUNTRIES WHERE FAILURE TO MEET NOW APPLICABLE EXPORT CRITERIA WAS IMPEDING CURRENT EXPORTS, THAT IN THE EXECUTIVE BRANCH VIEW THE ROC CLEARLY MET APPLICABLE CRITERIA, AND THAT WE DID AIM TO CONCLUDE NEGOTIATIONS WITH THE ROC WITHIN THE TWO YEAR GOAL SET IN THE ACT. GUHIN TURNED ASIDE CHENG'S REQUEST FOR A COPY OF THE MODEL AGREEMENT BY EXPLAINING THAT WE WERE EXAMINING EACH CASE ON THE BASIS OF ITS OWN CIRCUMSTANCES IN DECIDING THE MOST FAVORABLE WAY OF ACHIEVING THE ACT'S REQUIREMENTS -- A NEW AGREEMENT, A AMENDMENT TO THE EXISTING AGREEMENT, OR AN EXCHANGE OF NOTES CONTAINING THE REQUIRED ELEMENTS. GUHIN SAID THAT OUR PRELIMINARY VIEW WAS TO AMEND THE EXISTING AGREEMENT WITH THE ROC.

8. CHENG SAID THAT ROC WAS PLEASED WITH THIS OPPORTUNITY TO REVIEW THE EXISTING AGREEMENT FOR TWO REASONS. FIRST, THE PROCESS WOULD PROVIDE A CONVENIENT WAY FOR INCORPORATING INTO AN OPEN AGREEMENT THE COMMITMENTS
SECRET

PAGE 05 STATE 147848

MADE IN OUR SECRET EXCHANGE OF NOTES. GUHIN AGREED BUT NOTED THAT CERTAIN PROVISIONS OF THE SECRET AGREEMENT COULD PROBABLY NOT EASILY BE TRANSFERRED INTO AN AMENDED BILATERAL. SECOND, AS THE CEILING IN THE EXISTING

BILATERAL WOULD NOT ACCOMMODATE TAIPOWER'S PLANNED
UNITS 8, 9, AND 10, THE ROC WISHED TO REACH AGREEMENT

ON INCREASING THE CEILING BY 1980 WHEN DECISIONS ON
UNIT 8 WOULD PROBABLY HAVE TO BE MADE. GUHIN SAID
WE FULLY UNDERSTOOD ROC'S CONCERN IN THIS REGARD AND
WOULD BE IN TOUCH AS SOON AS WE WERE PREPARED TO
NEGOTIATE.

9. LWR FUEL FAB PLANT: TAIPOWER PRESIDENT CHU SAID
TAIPOWER HAD CONTRACTED WITH GENERAL ELECTRIC AND
EXXON NUCLEAR FOR FEASIBILITY STUDIES ON A LWR FUEL
FABRICATION PLANT TO SERVE TAIPOWER'S DOMESTIC MARKET.
EXXON'S PRELIMINARY RESULTS INDICATED THAT A PLANT TO
SERVE TAIPOWER'S 6 UNITS WOULD NOT BE ECONOMICAL, BUT
CHU COMMENTED THAT WITH 10 UNITS THE CONCLUSION MIGHT
BE DIFFERENT. HE SAID GE'S STUDY HAD NOT BEEN COM-
PLETED AND THAT TAIPOWER HAS NO TIMETABLE FOR PROCEEDING
WITH A FUEL FABRICATION PLANT.

10. HEAVY WATER: CHENG MADE A PRO-FORMA INQUIRY ABOUT
THE STATUS OF HEAVY WATER. USG OFFICIAL REPLIED THAT
THE APPLICATION WAS BEING HELD UP PENDING A USG DECISION
ON INER'S OVERALL PLANS FOR DOMESTIC HEAVY WATER
REACTORS.

11. ACTION REQUESTED: EMBASSY SHOULD FOLLOW-UP WITH
CHENG AND URGE AS PROMPT A RESPONSE AS POSSIBLE FROM
ROC ON OUTSTANDING TRR ISSUES.

VANCE

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<< END OF DOCUMENT >>

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